



Michigan Public Transportation: Driving Michigan's Economic Engine



All Systems Go!

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Public Transportation in Michigan

Public transportation is an essential part of Michigan's transportation infrastructure. Everyone needs the freedom and the means to travel. Public transportation represents this freedom for many citizens of Michigan, providing over 92 million rides in 2006. This represents an 8.7% increase over 2005, roughly three times the national increase in transit ridership for this same period.

Public transportation is found in every county in Michigan, from our urban downtowns to our most rural areas. Michigan's transit fleet has approximately 3,500 vehicles that travel over 100,000,000 miles each year.

Public transportation in Michigan takes many forms:

- Fixed-route: Transit services that run on regular, pre-scheduled routes, usually with bus schedules and designated bus stops. There are 17 fixed-route bus systems in Michigan.
- Demand Response: Cars, vans, or small buses that pick passengers up and deliver them to their destination. Some of the more popular service models are:
 - ADA Paratransit: Demand response transportation provided in areas with fixed-route for people who cannot access the bus because of a disability.
 - Dial-A-Ride: Demand response transportation, generally available in smaller communities, which allows riders to schedule trips with as little as 30 minutes advance notice.
 - Specialized Services: Supplemental transit service, intended to provide transportation to seniors and people with disabilities where no other options are available. There are 104 Specialized Service providers in Michigan.
- Automated guideway transit: The Detroit People Mover operates a 2.9 mile elevated, fully automated transit system in downtown Detroit.



Public Transportation Benefits Michigan

Public transportation brings a range of benefits to everyone in Michigan, including those who do not use it.

Public transportation drives Michigan's economy and saves money.

- Public transportation in Michigan is a \$560 million industry that employs more than 5,800 people.
- Michigan's investment in public transportation brings back approximately \$3.5 billion in economic benefit to the state.
- According to a recent study by Jones Lang and LaSalle, 77% of New Economy companies rate public transportation as very important when deciding where to locate.
- According to the Texas Transportation Institute, public transportation saved nearly 6 million hours of congestion time in 2005 in the Detroit and Grand Rapids areas alone.
- A recent national survey shows that households that are likely to use public transportation on a given day save over \$6,200 each year, compared to a household with no access to public transportation.

Public transportation is the best non-regulatory way to reduce Michigan's dependence on foreign oil.

- A bus is twice as fuel efficient as an automobile for every passenger mile traveled.
- If Americans used public transportation for just 10% of their trips, the United States would reduce its dependence on foreign imported oil by 40%, or nearly the amount of oil imported from Saudi Arabia each year.
- Michigan fixed-route transit systems save the state over one million gallons of fuel per year.

Public transportation provides independence to everyone to travel within his or her community, including people with disabilities and seniors.

- In 2005, Michigan transit systems provided 11.6 million rides for people with disabilities and 7.1 million rides for seniors.
- The Michigan senior population is expected to increase 44% from 2000 to 2020. Public transportation is an essential part of the services that must be available to our aging population.



- The unemployment rate for people with disabilities in Michigan is 45%. For many, a lack of transportation represents a major barrier to finding employment. Accessible public transportation is essential for providing everyone access to find—and maintain—employment.

As a result, voters in Michigan support public transportation.

Michigan voters consistently choose to tax themselves to support their community's public transportation service.

- There are 60 millage-supported public transportation systems in Michigan.
- Michigan's public transportation millage election record since 2002: 49 successful, 12 unsuccessful—an 80% success rate.

Figure 1: Operating Support for Michigan Transit

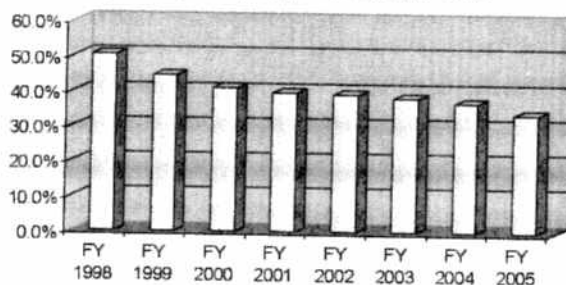
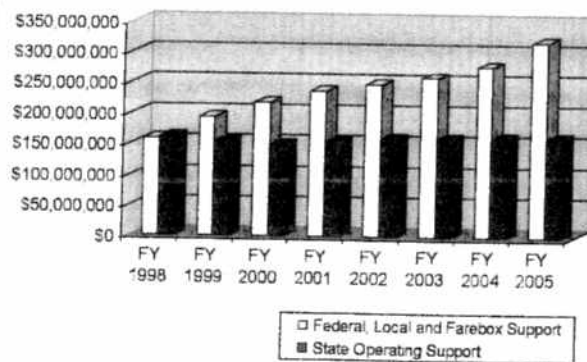


Figure 2: Funding Michigan's Transit Systems



Sources

A Disability Agenda: Investing in Our Common Future
American Public Transportation Association
House Fiscal Agency

Michigan Department of Transportation
National Transit Database
Texas Transportation Institute
Transportation Cooperative Research Board

Michigan Public Transit

Part of the Solution

Urban Metro

Detroit Department of Transportation
 Detroit Transportation Corporation (People Mover)
 SMART

FR/DR
 Rail
 FR/DR

Urban Large

Ann Arbor Transportation Authority
 Capital Area Transportation Authority
 Flint Mass Transportation Authority
 The Rapid (Grand Rapids)

FR/DR
 FR/DR
 FR/DR
 FR/DR

Urban Medium

Battle Creek Transit
 Bay Metro Transportation Authority
 Blue Water Transportation Commission
 Jackson Transportation Authority
 Kalamazoo Metro Transit System
 Livingston Essential Transportation Service
 Muskegon Area Transit System
 Niles Dial-A-Ride
 Saginaw Transit Authority Regional Services

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Urban Small

Buchanan Dial-A-Ride
 Harbor Transit (Grand Haven)
 Lake Erie Transit (Monroe)
 Macatawa Area Express (Holland)
 Niles Dial-A-Ride
 Twin Cities Transportation Authority

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Non-Urban County

ALTRAN Transit Authority
 Allegan County - Transportation Services
 Antrim County Transportation
 Arenac/Bay Service
 Barry County Transit
 Bay Area Transportation Authority
 Bay Metro Transportation Authority
 Benzie Transit Authority
 Berrien County Public Transportation
 Blue Water Transportation Commission
 Branch Area Transit
 Cadillac/Wexford Transit
 Capital Area Transportation Authority
 Cass County Transportation Authority
 Charlevoix County Public Transportation
 Clare County Transit Corporation
 Clinton Area Transit System
 Crawford County Transportation Authority
 Delta Area Transit Authority
 Eastern U.P. Transportation Authority
 Eaton County Transportation Authority
 Flint Mass Transportation Authority
 Gladwin City/County Transit

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Gogebic County Transit
 Isabella County Transportation Commission
 Jackson Transportation Authority
 Kalamazoo Metro Transit System
 Kaikaska Public Transit Authority
 Lake Erie Transit (Monroe)
 Lenawee Transportation Corporation
 Manistee County Transportation, Inc.

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Marquette County Transit Authority
 Mecosta Osceola Transit Authority
 Midland County Board of Commissioners
 Ogemaw County Public Transportation
 Ontonagon County Public Transit
 Otsego County Bus System
 The Rapid (Grand Rapids)
 Roscommon County Transportation Authority
 Sanilac Transportation Corporation
 Schoolcraft County Transportation Authority
 St. Joseph County Transportation Authority
 Straits Regional Ride
 Thunder Bay Transportation (Alpena)
 Van Buren Public Transit

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Non-Urban City

Adrian Dial-A-Ride
 Alma Dial-A-Ride
 Beaver Island Transportation Authority
 Belding Dial-A-Ride
 Big Rapids Dial-A-Ride
 Buchanan Dial-A-Ride
 Caro Transit Authority
 Dowagiac Dial-A-Ride
 Greater Lapeer Transportation Authority
 Greenville Transit
 City of Hancock
 Hillsdale Dial-A-Ride
 Houghton Motor Transit Line
 Ionia Dial-A-Ride
 Ludington Mass Transportation Authority
 City of Marshall Dial-A-Ride
 Midland Dial-A-Ride
 Milan Public Transportation
 Niles Dial-A-Ride
 Saginaw Transit Authority Regional Services
 Sault Ste. Marie Dial-A-Ride
 Shiawassee Area Transportation Agency
 Non-Urban Township
 Ann Arbor Transportation Authority
 Interurban Transit Authority (Saugatuck)
 Yates Township Transportation System

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DR = Demand Response Transportation

FR = Fixed Route Transportation

Public Transportation Funding in Michigan

Looking at Michigan's public transportation funding picture, it becomes apparent that while the amount of money Michigan regions are putting into transit has increased dramatically, the state has been falling behind in providing its share of support for continued funding of Michigan's transit systems.

Operating Expenses

Michigan public transportation systems have operating and capital expenses. Operating expenses are from state and local sources, and pay for the cost of putting service on the street:

- Driver wages and benefits
- Contracted service—hiring private providers to operate services
- Fuel
- Parts and maintenance

Capital Expenses

Capital expenses are funded at 80% by the federal government, with a 20% local match required. Until 2005, the 20% local match was paid totally by the State of Michigan. Capital expenses are costs such as:

- Buses and other service-related vehicles.
- Facilities such as transit centers and bus garages.
- Bus shelters, benches, information kiosks, and other amenities used by passengers.
- Improvements to equipment and facilities to increase the efficiency and safety of transit systems.

Federal funding for Michigan's public transportation systems

- Federal appropriations for Michigan public transportation systems are higher than ever before, with about \$120 million authorized each year between 2006 and 2010.
- For each dollar in state capital funds, the federal government provides \$4 in matching funds—a state investment of \$30 million returns \$120 million in federal funds.
- Michigan has not been appropriating enough funds to match the federal capital investment, putting millions in federal transit funds at risk.

State Operating reimbursement for Michigan public transportation systems

- All state revenues for public transportation come from the Comprehensive Transportation Fund (CTF). There are no general fund dollars, or funds from other revenue sources, going to support public transit.
- The CTF is comprised of two main sources: a portion of gas tax revenues, which are constitutionally protected, and revenues from auto and auto-related sales taxes, which are not.
- The state matches transit system operating expenses on a percentage basis. This percentage is determined by the amount of local bus operating assistance identified in the Michigan Department of Transportation budget compared to the total amount of eligible expenses from all systems.

This percentage fluctuates from year to year, leaving systems unable to forecast out-year budgets with any degree of confidence.

- State operating funds have remained stagnant over the past five years, resulting in a lower operating match percentage (Figure 1). This trend is due in large part to \$65 million being diverted from the CTF to the general fund between 2002 and 2006. In the FY 2007 budget, the Legislature and Governor agreed to stop this damaging trend.

Local Funding for Michigan's public transportation systems comes from four sources

- The farebox (approximately 20% of operating expense statewide)
- Local property tax millages
- Local government general fund contributions
- Contracts with local agencies to provide services, primarily for seniors and people with disabilities

Public Transportation Funding Issues

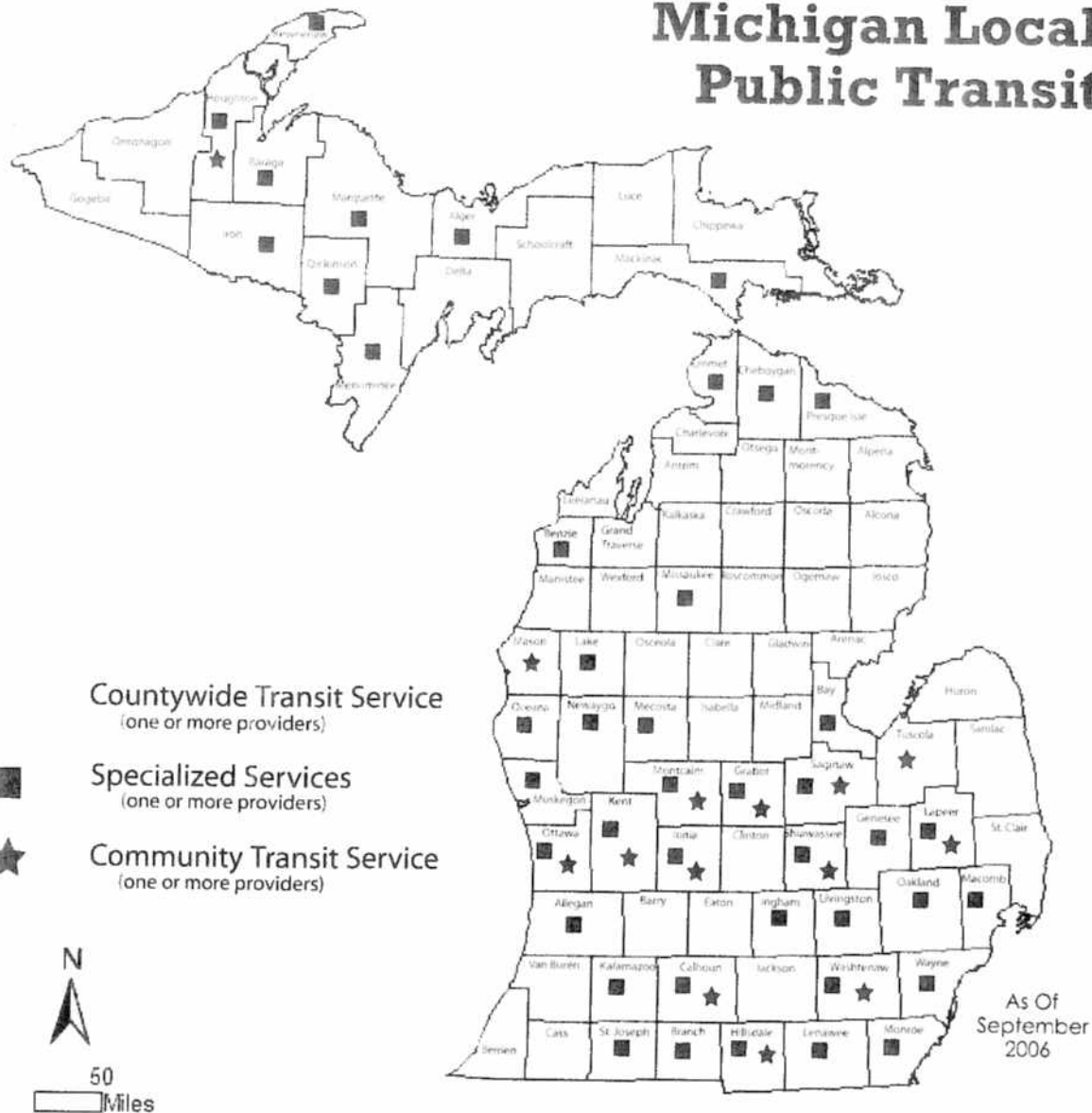
Demand keeps growing. Many local millages are passed with the promise of improved and expanded services. But more service means higher system budgets, raising the statewide total of eligible expenses. Public transportation must also face the same increasing health care, insurance, and fuel costs that pressure private businesses. Over the past several years, state operating has remained flat, while statewide transit operating expenses have increased by 50% between 1998 and 2005 (Figure 2). This is occurring at the same time state capital match funds have declined, putting at risk millions of dollars of federal transit support.

Local public transportation systems can only do three things in response to these financial pressures:

1. Raise passenger fares to cover costs. Many systems have already taken this step and it remains an item of serious debate by transit system boards across the state. The challenge is to balance budget constraints with keeping fares affordable for those that have extremely limited means to pay them. We do not want to penalize low-income residents further by pricing them out of the only form of transportation available to them.
2. Cut public transportation service to reduce expenses. This is difficult in light of the fact that many communities want more service, not less, and are approving local millages to get it.
3. Ask the local area to take on more of the cost of services, despite the fact that state taxes that should be supporting public transportation have not been fully allocated to it.

Michigan needs a long-term commitment from the state to support public transportation in a fair and predictable way, and give our regions the tools they need to enhance economic development, provide a more sustainable means of travel, and give all Michigan residents the means to get where they need to go.

Michigan Local Public Transit



Source: Michigan Department of Transportation

Michigan Public Transit Association Friend of Transit Recipients

Michigan legislators and Michigan transit have a long history of working together for a better Michigan. To illustrate this, the Michigan Public Transit Association gives out annual "Friend of Transit" awards to recognize legislators that have made significant contributions to improving public transportation in our state.

2006: Representative Marie Donigan, D-Royal Oak,
Representative Shelley Taub, R-Bloomfield Hills
2004: Representative Rich Brown, D-Ironwood
2003: Senator Mike Prusi, D-Ishpeming
2002: Representative Jerry Kooiman, R-Grand Rapids
2001: Representative Scott Shackleton, R-Sault Ste. Marie

2000: Representative Judy Scranton, R-Howell
1999: Representative Tom Kelly, D-Garden City
1997: Representative Jon Jellema, R-Grand Haven
1996: Representative Clark Harder, D-Owosso
1995: Representative William Byl, R-Grand Rapids
1994: Senator Phil Hoffman, R-Jackson

**MICHIGAN PUBLIC
TRANSIT ASSOCIATION**

